



February 2, 2021

Members of the House Health and Human Services Committee
Legislative Administrative Services
300 SW 10th Ave Topeka, KS 66612

Re: Opposition to House Bill No. 2157 – An act concerning health and healthcare; relating to health insurance plans; establishing restrictions on the use of step therapy protocols for prescription medication.

Dear Chair and Members of the Committee:

On behalf of the Pharmaceutical Care Management Association (PCMA), I am writing to you regarding our concerns about HB 2157 (step therapy protocols). PCMA is the national association representing pharmacy benefit managers (PBMs), which administer prescription drug plans for more than 266 million Americans with health coverage provided through large and small employers, health plans, labor unions, state and federal employee-benefit plans, and government programs.

HB 2157 seeks to create additional step therapy exception processes and its requirements will lead to the erosion of current drug management tools by interfering with the meaningful review of medical necessity that protects patients. Health plans and PBMs implement a variety of guidelines and programs that are designed to ensure that patients receive clinically appropriate and cost-effective drug therapies. Step therapy is one of these tools. For example, many drugs have harmful side effects or interact adversely with other medications; step therapy encourages trying safer, alternative therapies first.

Health plans and PBMs use Pharmacy & Therapeutic Committees that are comprised of independent experts including physicians and pharmacists to develop evidence-based guidelines used in drug management programs, such as step therapy, and assure cost controls do not impair the quality of clinical care. Every health plan has an already established exceptions process that will permit the coverage of a drug that is not on a formulary, or that reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug, or offers another documented medical reason.¹

Finally, according to the Federal Trade Commission (FTC), "large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance."² The average cost of a generic prescription is approximately one quarter the cost of a brand name prescription while still achieving optimal therapeutic results. Step therapy is designed to capture those savings for employers and individuals while producing the medically desired outcome.

¹ "Making Medicines Affordable: A National Imperative," National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017

² Pharmacy Benefit Managers: Ownership of Mail Order Pharmacies," Federal Trade Commission (FTC) Aug. 2005.



It is essential that any legislation considered does not erode programs that help patients and ensure a cost-effective pharmacy benefit for employers and individuals. PCMA opposes the legislation as it believes that HB 2157 unnecessarily restricts existing programs and creates government-mandated requirements.

Please let us know if we can provide any additional information.

Sincerely,

A handwritten signature in black ink that reads "Regina Stivers".

Regina Stivers Director, State Affairs
Pharmaceutical Care Management Association

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Cost of Limiting Prior Authorization and Step Therapy in Kansas

Kansas policymakers should carefully weigh the potential unintended cost impact of proposals to limit or prohibit the ability of health plans and their pharmacy benefit managers (PBMs) to implement prior authorization (PA) and step therapy (ST) protocols. Estimates from Visante specifically quantify these potential costs for Kansas.

Kansas Impact:

- **If Kansas implements prohibitions on PA and ST, projected drug costs for fully insured employers and commercial health plans would increase by \$517 million in the state over the next ten years.¹**
- **Limiting or prohibiting PA and ST would impact employers and health plans that now cover some 824,000 beneficiaries in Kansas.²**
- **As limits on PA and ST increased costs, the ability of Kansas employers to offer health insurance—and jobs—would be diminished.**

Use of PA and ST Guided by Independent Experts and Plan Sponsors: Pharmacy & Therapeutics Committees, comprised of experts that include physicians, pharmacists, and other medical professionals, develop evidence-based guidelines used in drug management programs, including PA and ST. PBM clients then decide if and how PA and ST will be applied to its health benefit plan.

PA and ST Used to Help Ensure Prescriptions Are Safe and Appropriate: PA is often required for drugs with a high risk of abuse or overuse, significant side effects, or off-label uses not approved by the FDA. ST ensures that prescribers consider the medically appropriate available therapeutic alternatives before settling on a course of therapy for a specific patient.

Every Plan Has an Appeals Process: According to the National Academies of Sciences, Engineering, and Medicine (NASEM), “Every plan, whether Part D or an employer-sponsored pharmacy benefit, has an exception process that permits coverage of a drug not on formulary or reduces out-of-pocket cost if a physician provides information about side effects the patient has experienced from a lower-tiered drug or offers another medical reason for switching.”¹¹⁵ This process safeguards against the use of PA and ST being too restrictive.

Studies Show PA and ST Help Reduce Costs: PA and ST are widely used by PBM clients to help ensure appropriate and cost-effective use of high-cost and/or high-risk drugs. PA can generate savings of up to 50% for targeted drugs or drug categories.¹¹⁶ ST has demonstrated savings of more than 10% in targeted categories.¹¹⁷

FTC Finds PA and ST Used to Lower Costs: According to the Federal Trade Commission (FTC), “large PBMs and small or insurer-owned PBMs have used step-therapy and prior authorization programs to lower prescription drug costs and increase formulary compliance.”¹¹⁸

NASEM Suggests Formulary Controls Keep Premiums Low: Without formulary controls, “insurance premiums would rise,” according to NASEM.¹¹⁹ PA and ST are among the most effective formulary controls, thus any state legislation to limit or prohibit their use would likely raise premiums.

¹ “Increased Costs Associated With Proposed State Legislation Impacting PBM Tools,” Visante, January 2019.

² Ibid.

¹¹⁵ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017.

¹¹⁶ “Specialty Utilization Management Proves Effective: Ampyra Prior Authorization Improves Safety and Saves Money,” Prime Therapeutics, 2011.

¹¹⁷ Yokoyama, et al., “Effects of a step therapy program for angiotensin receptor blockers on antihypertensive medication utilization patterns and cost of drug therapy,” *J Manag Care Pharm.* 2007;13(3):235-244.

¹¹⁸ “Pharmacy Benefit Managers: Ownership of Mail-Order Pharmacies,” Federal Trade Commission (FTC), Aug. 2005.

¹¹⁹ “Making Medicines Affordable: A National Imperative,” National Academies of Sciences, Engineering, and Medicine (NASEM), Nov. 2017